



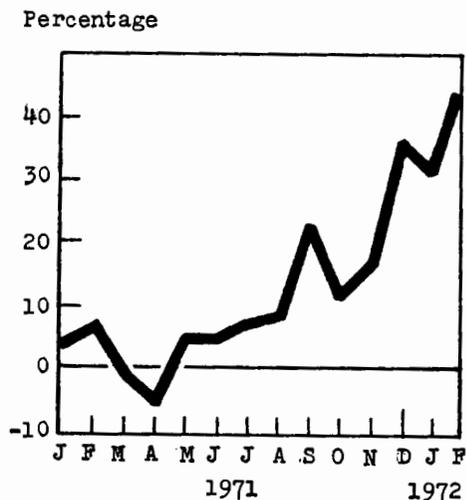
BUSINESS OUTLOOK SURVEY
Summary of Returns
February 1972

This Summary of Returns reports on the February responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The survey sample polls manufacturing firms with 500 or more employees.

The moderate expansion in the regional economy, underway since early last year, is continuing, according to area executives. The latest Business Outlook Survey of large manufacturers in the Third Federal Reserve District shows that approximately three times as many responding firms are experiencing increases in new orders and sales as are recording decreases. And March should be even better than February since firms expecting increases in new orders and sales outnumber those forecasting a decrease by about six to one.

Moreover, area executives are optimistic about the longer run future of the regional economy. Three out of four manufacturers polled foresee an increase in general business activity at least through the next six months. And two-thirds of the respondents expect sales and new orders in their own firms to be rising six months from now. In anticipation of the rise in sales, an increasing number of area executives are planning to boost capital outlays. The proportion of firms intending to increase capital expenditures outstrips those planning cutbacks by a substantial margin, as the chart

CAPITAL EXPENDITURE PLANS
SIX MONTHS AHEAD *



*(Percentage of respondents expecting an increase minus those expecting a decrease.)

indicates. Spending plans have been stepped up in recent months and have not looked this bullish in over two years.

Encouraging signs are appearing on the price front as well. Three out of four respondents report that prices are steady this month, and the same number expects them to be unchanged in March. Furthermore, the proportion of manufacturers anticipating price increases within the next 30 days declined in February to about half the January level.

In short, area executives report the regional economy is continuing to advance. They are optimistic about the immediate weeks ahead as well as six months from now. A pickup in capital spending appears to be in the offing and should give a further boost to regional business activity. In addition, inflationary pressures, at least at the manufacturing level, appear to be on the downside.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS

FEBRUARY 1972

INDICATOR	January vs. December			February vs. January			March vs. February			Six Months From Now vs. February		
	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS												
What is your evaluation of the level of general business activity?	13.3	53.3	31.1	2.2	62.2	31.1	2.2	37.8	53.3	0.0	17.8	77.8
COMPANY BUSINESS INDICATORS												
New Orders	13.3	42.2	35.6	11.1	46.7	33.3	8.9	35.6	46.7	6.7	24.4	64.4
Shipments	26.7	37.8	33.3	2.2	55.6	37.8	6.7	44.4	46.7	4.4	31.1	64.4
Unfilled Orders	13.3	55.6	24.4	17.8	53.3	22.2	13.3	57.8	22.2	8.9	31.1	55.6
Delivery Time	4.4	80.0	8.9	6.7	75.6	11.1	2.2	80.0	8.9	6.7	68.9	20.0
Inventories	20.0	51.1	26.7	20.0	62.2	15.6	26.7	53.3	17.8	13.3	42.2	44.4
Prices Paid	0.0	71.1	28.9	0.0	75.6	22.2	0.0	75.6	20.0	0.0	26.7	73.3
Prices Received	6.7	75.6	17.8	4.4	80.0	13.3	6.7	82.2	6.7	2.2	44.4	53.3
Number of Employees	4.4	86.7	6.7	6.7	77.8	13.3	2.2	77.8	17.8	4.4	53.3	42.2
Average Employee Workweek	2.2	75.6	17.8	0.0	82.2	13.3	4.4	75.6	13.3	6.7	71.1	20.0
Capital Expenditures										4.4	46.7	48.9

Note: Items may not add to 100 per cent because of omission by respondents.